

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room W030, State Capitol Complex, House Building, Salt Lake City, Utah, April 7, 2009 from 2:30 p.m. until 4:10 p.m.

Committee Members Present: Speaker David Clark, Co-Chairman
President Michael G Waddoups, Co-Chairman
Senator Patricia W Jones
Representative David Litvack

Legislative Audit Staff: John Schaff, Auditor General
Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Nancy Johnson, Legis Secretary
Brian Dean, Audit Supervisor
Susan Verhoef, Legis Lead Auditor
Jesse Martinson, Performance Auditor
Craig Monson, Consultant

Other Interested Parties: Patti Harrington, Superintendent, USOE
Larry Shumway, Deputy Superintendent, USOE
Carol Lear, School Law and Legis, USOE
Robert Newman, Executive Director, URS
Bruce Cundick, Chief Investment Officer, URS
Kim Kellersberger, Finance Director URS
Todd Rupp, Deputy Director, URS
Dan Anderson, URS
Kathy Jones, Price, URS Board
Kim Willette, GOPB
Sydnee Dickson, USOE
Brock Vergakis, *Associated Press*
Amy Stewart, *Deseret News*
Kristen Stewart, *SL Tribune*

Call to Order

Speaker Clark called the meeting to order at 2:30 p.m.

2. Approval of Minutes

Senator Jones made a motion that the minutes from the January 30, 2009 meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Public Education Employees' Criminal Background Check Procedures

(Report #2009-08)

Presented by Brian Dean, Audit Supervisor

Discussion following Presentation

Larry Shumway, Deputy State Superintendent, responded to the audit presentation. Mr. Shumway said that he appreciated the recommendations made and intends to work quickly to move forward with implementation. Also, Mr. Shumway hoped that no one would lose sight of the effective work of thousands of outstanding teachers who have only the best interest of children in mind.

Mr. Shumway concluded by telling the Audit Subcommittee that the State Board of Education's primary process will be to take the rules under consideration, give direction to staff, develop rules as required by Statute and by the Constitution.

Motion: President Waddoups made a motion that the **Performance Audit of Public Education Employees' Criminal Background Check Procedures** (Report No. 2009-08) be accepted and referred to the Education Interim Committee and the Judicial, Law Enforcement and Criminal Justice Interim Committee. The motion passed unanimously.

3b. A Performance Audit of Utah Retirement Systems' Administrative Costs

(Report #2009-07)

Presented by Susan Verhoef, Auditor in Charge

Discussion following Presentation

Robert Newman, Executive Director, Utah Retirement System, introduced himself and Kim Kellersberger, Finance Director, Utah Retirement System.

Mr. Newman explained that—

- URS agrees with the recommendations made in the audit and will ensure that the recommendations are implemented.
- URS wants to operate a very efficient retirement system.

- URS will provide copies of CEM Benchmarking, Inc.'s reports, comparing public retirement systems.
- URS will continue to monitor their investment strategy and associated investment advisor fees.
- URS will evaluate salary and wage costs and compare the costs to systems of similar size and service level.
- Annually, the URS finance director will meet with department managers to ensure cost allocation models are properly assessing the DC plan and those costs that appropriately belong to it.
- The URS Internal Audit Department will annually review the allocation of costs to the DC plan to ensure the propriety of the allocation.

Motion: President Waddoups made a motion that the **Performance Audit of Utah Retirement Systems' Administrative Costs** (Report No. 2009-0) be accepted and referred to the Retirement and Independent Entities Interim Committee and the Business and Labor Interim Committee. The motion passed unanimously.

4. New Audit Requests

John Schaff, Auditor General, presented the following three new audit requests and gave a brief description of each,

- Business Programs and Initiatives
- Medicaid Managed Care
- Municipal Service Fund

Motion: President Waddoups made a motion that the following new audit requests be added to Future Audits: #3 - Municipal Service Funds and #4 - Medicaid Managed Care. Also, that the Auditor General's Office do a preliminary survey on the Business Programs and Initiatives audit request to get clarity and determine where to go with the request. The motion passed unanimously.

5. Adjournment

President Waddoups adjourned the meeting at 4:10 p.m.